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TAGS: [ECON](#) [EFIN](#) [PGOV](#) [IZ](#)
SUBJECT: LEGISLATIVE HIGH JINKS MAY DELAY BUDGET
DELIBERATIONS

REF: A. BAGHDAD 3841

[1](#)B. BAGHDAD 3807

Classified By: CDA Patricia Butenis for reasons 1.4 (b/d)

[1](#)1. (C) Begin Summary: Council of Representatives (CoR) Finance Committee members Ala'a Alsadon (IIP, Sunni) and Muna Zelzela (ISCI, Shia) told Econoff 28 November that the 2008 budget legislation is currently in limbo. The CoR ostensibly had the first of three readings of the budget legislation 19 November. According to the Finance Committee MPs, the bill that was read contained amended language that did not reflect the agreement reached by the Council of Ministers (CoM). They blamed Deputy Finance Committee Chair Dr. Ismail Shukr Haroty (KAL) for the mishap. CoR leadership, given the discrepancy between the CoM approved bill and the version that was read 19 November, has requested that the CoM arbitrate and provide a formal written response. If the CoM rejects the amended language, budget deliberations will need to restart completely with another first reading. End Summary.

[1](#)2. (C) During a 27 November meeting with Econoff, CoR Finance Committee members Ala'a Alsadon and Muna Zelzela explained that a second reading of the 2008 draft budget law did not occur 26 November as we had originally believed. They stated the bill that had its first reading on 19 November contained language that did not reflect the version of the bill that the CoM submitted. Placing the blame squarely on Deputy Finance Committee Chair Ismail Shukr, they explained that he was responsible for changing the text, acting on orders from his Kurdish party leadership. During CoM budget negotiations, the Kurds conceded several points (reftel A) related to revenue sharing and reporting by the Kurdistan Regional Government (KRG) to the central government. Ismail's changes to the draft bill attempted to scale these concessions back.

[1](#)3. (C) Alsadon and Zelzela stated that the CoR confirmed the discrepancy after consulting with officials from the Ministry of Finance. Upon discovery, CoR leadership (Khalid Attiyah and Aref Tayfour) sent a formal notice to the CoM requesting its opinion on the amended legislation. The Finance Committee MPs explained that if the CoM agrees with the text as it was read, a second reading of the budget legislation may ensue. In the event that the CoM disagrees, the CoR will then have a (second) first reading of the original CoM approved text.

Comment

[1](#)4. (C) This latest development on the budget is disturbing but not out of character. During a meeting later the same day, TreasAtt learned from Ministry of Finance advisor Azez Jaffar Hassan that the Kurdish changes were not substantial. Azez indicated that the decision rests with the Office of the Prime Minister and that regardless of the PM's decision, the legislation will need to have another first reading. We will

continue to encourage our interlocutors in the CoM to reach a decision posthaste. End Comment.

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